C I B C R

SERVICE SECTOR INDICATORS

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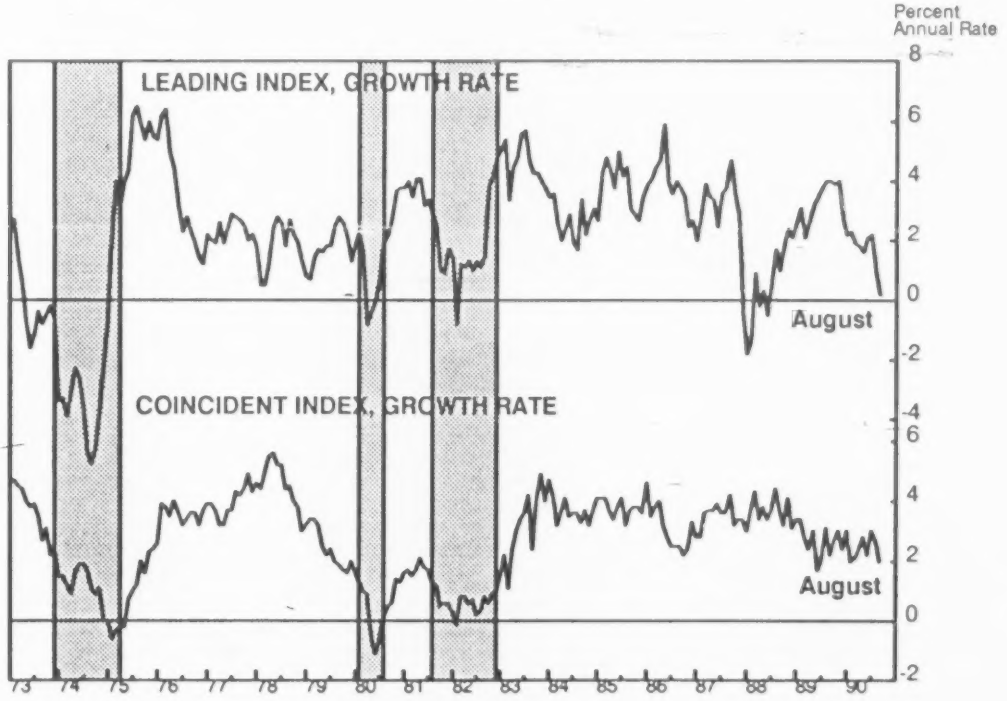
SERVICE SECTOR INDEXES FALL

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), fell from a revised 157.1 in July to 156.6 in August, lowering its smoothed annualized growth rate from a revised 1.0% in July to 0.2% in August. The index was pulled down by a plunge in stock prices in services and a fall in the average workweek in services, offset in part by rises in construction contacts for commercial buildings and profit margins in the service sector.

CIBCR's coincident index of service sector activity also fell, from a revised 193.3 in July to 192.9 in August, pulling its smoothed annualized growth rate down from a revised 2.7% in July to 2.0% in August. The index was pulled down by a drop in services labor income, marginally offset by small rises in personal consumption expenditures and employee hours in services.

Given the continuing decline in the growth rate of the services leading index from its October 1989 peak, a slowdown in the growth of services activity appears likely at this point.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1989:						
Jan.	152.1	3.1r	32.91r	886	95.2	112.5r
Feb.	151.7r	2.1	32.71r	730	98.7	113.1r
Mar.	152.3r	2.6r	32.74r	783	98.5	113.6r
Apr.	153.1r	3.2r	32.87r	772	102.5	113.0r
May	153.7r	3.5r	32.70r	806	108.0	114.3r
June	154.4r	3.8r	32.71r	840	111.6	114.3r
July	155.0r	4.0r	32.80r	779	116.5	113.7r
Aug.	155.4r	4.0	32.67r	778	121.9	114.6
Sept.	155.8r	3.9r	32.74r	818	122.1	113.8r
Oct.	156.3r	4.0r	32.81r	808	122.6	113.8r
Nov.	155.8r	2.8r	32.69r	717	120.1	114.2r
Dec.	155.7r	2.2r	32.69r	638	120.6	113.8r
1990:						
Jan.	156.2r	2.3r	32.61r	810r	116.5	114.6r
Feb.	156.2r	1.9	32.74r	731r	112.1	114.2r
Mar.	156.5r	1.8r	32.76r	690r	114.6	113.8r
Apr.	156.7r	1.6r	32.81r	655r	113.8	113.9r
May	157.4r	2.1r	32.76r	712r	117.3	114.4r
June	157.8	2.2r	32.83r	658r	121.2	113.8r
July	157.1r	1.0r	32.78r	519r	118.5	113.8r
Aug.	156.6	0.2	32.72	558	106.0	114.4

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Jan.	186.4r	3.4r	1895.0	1289.8	686.2r	111.5
Feb.	186.4r	2.8	1896.6	1301.5	682.0r	111.2
Mar.	186.4r	2.4r	1898.6	1296.2	684.7r	111.2
Apr.	187.5	3.0	1900.5	1301.9	689.5r	112.5
May	186.7r	1.7	1902.5	1301.5	684.2r	111.5
June	187.5r	2.1r	1909.5	1304.0	687.0r	112.2
July	188.8r	3.1r	1916.5	1311.7	694.4r	113.2
Aug.	188.4	2.2	1923.5	1313.6	691.8r	112.2
Sept.	189.2r	2.7r	1928.9	1316.2	696.8r	112.8
Oct.	190.0r	3.0r	1934.3	1319.3	699.6r	113.6
Nov.	189.8	2.4	1939.7	1318.4	697.7r	113.4
Dec.	190.8r	3.0r	1941.0	1333.7	700.4r	113.9
1990:						
Jan.	190.2r	2.0r	1942.4	1318.8	695.5r	114.6
Feb.	190.6r	2.1r	1943.7	1323.2	697.6r	114.6
Mar.	191.3r	2.4r	1946.6r	1330.5	702.2r	114.9
Apr.	192.1r	2.8r	1949.6r	1336.9r	705.5r	115.5
May	191.9r	2.2r	1952.5r	1336.6r	705.5r	115.0
June	193.1r	3.0	---	1349.1r	707.7r	115.8r
July	193.3r	2.7r	---	1353.5r	708.9r	115.6r
Aug.	192.9	2.0	---	1354.7	703.2	115.7

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Cols. 1, 2, 3, 4 and 6 are revised because of revisions in Average Workweek, Construction Contracts, and Profit Margins.

Cols. 7, 8 and 11 are revised because of revisions in Labor Income.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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